Approved for Release: 2018/10/02 C06628133

~~Secret~~ 3.5(c)

Latin American Trends

STAFF NOTES

~~Secret~~

159

CI SNLA 76-055
No. 0995-76
October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

~~SECRET~~

LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

October 13, 1976

NR

NR

Argentina: Changes at the Top 6

ANNEX

Argentina: Junta Relations with Labor. . . . 17

~~SECRET~~

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

3.5(c)

Argentina: Changes at the Top

The government's announcement that it has created the new cabinet post of planning minister may be a prelude to further changes at the top. General Diaz Bessone, a regional army corps commander, is virtually certain to get the new job.

The planning minister will coordinate the activities of all the other ministries. One purpose is to centralize President Videla's authority over the government, in response to military criticism that he has not been assertive encugh as President and that government policy has lacked direction. Moreover, Videla and others may judge that the time has come to devote increased attention to important issues that so far have not received the priority treatment accorded economic recovery and counterinsurgency. Resolution of the difficult problem of labor's status could be one.

Videla may also wish to delegate some of his day-to-day reponsibility as army commander in chief. For this reason he is said to advocate creating his new post of deputy army commander, to be filled by a trusted aide. Other changes in regional corps commanders may be forthcoming in the near future as well, particularly with the next promotion cycle approaching.

Bringing Diaz Bessone into the cabinet appears to have several purposes. One is to separate the general, often described as a "hardliner," from direct command of troops. At the same time, Videla and his key aides can more easily keep an eye on him in the new position. Moreover, Diaz Bessone does indeed have a reputation as a professional planner and his nomination is not illogical.

October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

The inclusion of the forceful general in the cabinet could create difficulties. He is apt to interpret rather broadly the guidelines for the new ministry and will be buoyed by the fact that under new succession provisions he will also head the entire executive branch in the event of the President's absence or illness. The President is scheduled to make trips abroad in the near future. Another problem could come from Economy Minister Martinez de Hoz, who long ago expressed opposition to the creation of any new entity that might infringe on his authority as top economic policy planner. [redacted] 3.5(c)

October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

3.5(c)

ANNEX

Argentina: Junta Relations with Labor

After six months of tight wage limits and stringent political controls Argentina's heavily politicized labor sector is becoming increasingly restive. Light and power workers struck in the nation's capital last week; earlier, thousands of disgruntled auto workers laid down their tools in a number of major plants. The highly organized workers probably constitute a more formidable potential opponent than even the leftist terrorists, and the recent strikes are the most serious challenge so far to the junta, which had earlier banned all such activity.

Worker dissatisfaction poses a vexing problem for the generals. The junta is loathe to alienate labor irretrievably by using force against the workers, yet at the same time it cannot afford to allow its decrees to be disobeyed with impunity. Thus far the government has limited its response to arresting or ordering the dismissals of the ringleaders.

Labor restiveness will complicate and add urgency to a divisive debate that has been going on for some time within the armed forces. The more vindictive officers argue for dismantling the labor movement, the biggest and best organized in Latin America. The more conciliatory advocate some degree of accommodation relatively soon. No resolution appears imminent.

Thus far the government has sidelined the problem, rather than tackle it head on as it has economic deterioration and left-wing terrorism. The junta banned all strikes and placed federal administrators in key unions as well as in the Peronist labor confederation, which embraces some three million of the nation's work force. The most corrupt unionists were jailed or exiled. The military probably hoped, rather than believed, that this strategy would keep workers quiet indefinitely, while it enforced the belt-tightening it deems essential to economic recovery. Indeed,

October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

many officers probably were surprised that workers waited as long as they did before protesting the austerity measures.

The search for a permanent labor policy is greatly complicated by the emotionalism that surrounds military-labor relations. Indeed, a certain amount of hostility is virtually built into that relationship. Some workers and officers view each other as natural enemies. The military first spawned, and ultimately rejected, Juan Peron, the man who gave labor its political awareness and made it a force to be reckoned with. Workers to this day retain a strong loyalty to the man who dominated Argentine politics for decades, and see the armed forces as unalterably opposed to Peron's populism. Many officers, on the other hand, blame the Peronists and unionism for virtually all the ills Argentina has suffered for more than a generation.

The junta's policies to date have, if anything, served to increase the distrust that workers feel toward the military. Not only did labor lose its privileged position in the March coup, but it also has been the element hardest hit by economic policies since that time. Workers have been unable to catch up with the continuing high cost of living because wages are being strictly controlled,while prices are not. Unemployment increased, though less than originally anticipated, in the face of declining demand. Incentives for business and agriculture have also added to worker skepticism. Efforts by the left to exploit worker frustration have been largely unsuccessful thus far, but the appeal of the left, including that of the Argentine Communist Party, could be enhanced if labor came to view the junta as hopelessly intransigent.

Delay in implementing a definitive policy may be weakening the government's position by contributing

October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

to its image of indecisiveness and inviting further challenge. Continued delay could embolden the President's conservative military critics who are pushing a harsh line toward labor. At the same time, labor itself may take the junta's hesitation as an invitation to press its demands more strenuously.

A whole new crop of labor leaders has supplanted those displaced by the coup. The newcomers are busy trying to establish themselves in the eyes of both the workers and the military. They are fully aware that they could play an influential role if the junta decides to reincorporate labor into national decision-making.

These leaders face a dilemma. On the other hand, they must have support of the rank and file; this can probably be accomplished only by producing some tangible gains for the unions. Even then, however, there is no guarantee that workers will follow any leader who may emerge. Workers had become highly suspicious of old leadership, which they came to view as corrupt and unable or unwilling to deliver on promises to its constituents.

On the other hand, labor's current leaders cannot become identified with too much worker activism lest the junta conclude they cannot keep the lid on disruptive activity. Success or failure at walking this fine line could tip the balance of military opinion for or against those who, like Videla, favor an accommodation with labor.

The government's efforts to date have been piecemeal and its pronouncements less than definitive. The junta earlier in the year modified the laws governing the negotiation of labor-management contracts, overturning several procedural clauses inspired by the Peronists and very favorable to labor. The government also stiffened the penalties for striking, in a hasty effort to quell the recent labor

October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

unrest. Declarations of intent to "normalize" relations with labor have become more frequent in recent months but are couched in vague terms. Thus far, however, the junta has not altered the basic laws governing labor; it has merely set them aside temporarily. Until the government decides either to reaffirm these laws or to scrap them for new ones, labor will remain in a state of political limbo that is frustrating for workers and therefore potentially dangerous for the junta.

Top unionists currently express optimism that reform of the basic laws governing labor is in progress and that the final product will not drastically alter the union structure. The union bosses are betting that the military, in the final analysis, will conclude that efforts to break up the unions would irretrievably alienate workers and ultimately radicalize them. Labor leaders lose no opportunity to impress upon the military the belief that the present relatively conservative unions stand as a bulwark against communism and other leftist influence.

Opinion within the labor ministry echoes this optimism. According to the US embassy in Buenos Aires, ministry officials generally feel that the junta will eventually decide to retain the basic labor principles now in effect:

--Maintenance of a single labor central, the General Confederation of Workers.

--Adherence to the practice of having only one union for any given industry, and

--Prohibition of company unions.

Nonetheless, the embassy reports, it is widely assumed that there will be measures to limit the union's political role. The government, for example,

October 13, 1976

Approved for Release: 2018/10/02 C06628133

Approved for Release: 2018/10/02 C06628133

may put strict controls on union funds, possibly assuming some of the social service functions long performed by the unions.

President Videla knows as well as anyone else that organized labor, more than any other group, has the potential ability to undo much of what the junta is striving to accomplish. By being off the job, workers not only disrupt badly needed productivity, but could undermine the junta's authority in a way not even the terrorists can. This in turn would stiffen the resolve of those officers who call for punitive action against unions. Videla wants at all costs to keep the nation from once again entering this vicious circle.

Videla will probably opt for further token wage hikes, perhaps at shortened intervals, and gradual restoration of normal activity in some carefully selected unions. Not even the relatively liberal Videla, however, would countenance a return to the freewheeling ways that characterized labor before the coup. Videla will probably be strengthened in his efforts by the creation of the new ministry of planning, which will coordinate the policies of all the other ministries and increase Videla's authority over the government as a whole. The President will also benefit if, as expected, he names the tough General Diaz Bessone to the new post. Military conservatives, with one of their own in the cabinet, will not attempt soon to undermine Videla's efforts.

3.5(c)

October 13, 1976

Approved for Release: 2018/10/02 C06628133